

**Information Seminar on Services and Investment
in the context of the EU-West Africa EPA**

Dakar, 22-23 January 2009

On 22-23 January 2009, the European Commission organised a two day information seminar on services and investment in the context of the EU-West Africa EPA negotiations. The seminar aimed at creating a forum in which to inform all key decision-makers and stakeholders about this complex and sometimes misunderstood area of the negotiations and at the same time to gain a better understanding of all parties' positions and concerns.

Participants and agenda

The seminar included active participation by representatives of the governments, private sector, civil society and press of the 16 countries of West Africa as well as of the ECOWAS and UEMOA Commissions. Presentations were made by the Senegalese Minister for Trade, the European Commission, the Commissioner for Trade of ECOWAS and a representative of UEMOA, a Senegalese consultant specialised in services, the consultant working on a study for the European Commission and in addition by representatives of the private sector in Senegal and Burkina Faso.

Key issues covered during the two days were the general importance of services for the economy, the strengths and weaknesses of services in West Africa, the level of openness of West Africa to services coming from abroad as well as the prospects regarding export of services for West African suppliers including also specific business experiences. Participants also discussed the framework for the EPA proposed by the European Commission, looked at the experience of the negotiations of the chapter on services and investment in the EPA concluded with the Caribbean states and discussed in more detail how West Africa could approach a negotiation on services and investment in the EPA:

Services: the backbone of the economy

One of the key messages from the interventions was that services had become the backbone of the economy also for developing countries and that it was vital for West Africa's development to foster growth in this sector. The importance of services today is due to the paradigm change the sector has undergone in the past 20 years, becoming not only integral to countries' overall economy but also becoming a sector that can be traded across borders. Overall globalisation has changed the face of trade and services are part of this. As an example, services that used to be state owned monopolies have undergone fundamental reforms which have led to privatisation and liberalisation. The dynamic and innovative nature of services is being further accentuated by the impact of new communication technologies and the internet.

Presentations stressed the fact that services are taking the larger and ever growing share of national economies when seen in relation to agriculture and industry – and indeed have become indispensable for those sectors as they are the basis for transporting goods, for improving production or for trading them – transport and logistics, technical consulting, accounting, financial services, legal services are only some examples. In the West African Region, the share of services in the national GDPs ranges from 20% to over 60%. Services sectors employ around 30% of the working population in West Africa. In addition the average annual growth rate of exports in services has been up to 15-25% in some of the countries in West Africa, namely Cape Verde, Ghana, Mali, Mauritania, Nigeria and Senegal. In light of these trends, participants agreed that services constituted a key part of the economy and held growth potential for the region and even export potential.

Priorities in West Africa

Taking this into account, the discussions over the two days focused in particular on exploring the priorities for West Africa –sectors where export potential exists, sectors which are vital for development and economic growth and how an EPA could bring benefits in this respect. Several priority sectors were highlighted in the course of the discussions – either because they are considered indispensable for the development of the region or because they hold export potential.

Key sectors

- Generally: infrastructure services
- Communication services
- Transport
- Financial services
- Business services including professional services
- Tourism
- Construction services
- Cultural services and sports

The question of how trade in services and the inclusion of non-services investment in an agreement helps the economic development of the region was a key issue of discussions. Participants concluded that the main rationale was to attract FDI, especially in infrastructure services, attract expertise and know-how and thus also improve the level of training and professional qualifications in West Africa needed for services.

A difficult issue in this context related to the question of why the EC was proposing to include not just establishment in the context of services in this agreement but also make rules applicable for non-services investment. Representatives of the EC spent some time explaining that their proposal focused explicitly on establishment – thus not on short term investment but on long term creation of value in the countries, creation of new jobs and thus also better knowledge transfer. In this context the barriers to establishment are the same for companies in the services or in the non-services sector.

Liberalisation and regulation

Regarding barriers to trade in services, the seminar also focused on the fact that an EPA which sought to liberalise trade in services aimed not at deregulating the sectors but on the contrary to strengthen regulatory best practice. Participants explored the fact that services sectors are often characterised by a high degree of national regulation – which this agreement does not interfere with. By containing references to regulation it tries to establish a common understanding of how key sectors, namely telecommunications, energy services, postal and courier services, financial services, computer services and maritime transport should be dealt with.

This discussion is also closely related to the question of how West Africa can tackle the challenge to further develop capacities in services as well as improve its regulatory capacities. Participants affirmed their belief that technical assistance and exchange of best practice would be indispensable for the region.

Beyond the GATS

Besides discussing the importance of services itself, the seminar explored in depth the rationale of concluding an EPA with the EU also setting this into the context of the existing multilateral framework for services at WTO level. In this context several presentations explored the current status of commitments in the GATS as opposed to the actual level of services liberalisation in the West African countries. As most commitments had been already taken in the mid-90s, it is clear that fundamental changes have occurred in many services sectors due to reforms and technological change which could enable West African countries to go possibly further than in their GATS commitments. In addition it was stressed, that a bilateral agreement like the EPA offered the possibility to tailor its provisions and commitments to the exact needs existing in the region with a much greater value for development.

The EC explained in this context how its agreement with the Caribbean states showed great flexibility and also crucially how such an agreement allows the EC to offer to its partners from developing countries commitments going beyond what the EC would offer in the context of the WTO services negotiations.

A key issue in this context emerged over the different ways in which to trade services across borders – which is characterised by the four different modes of supply: cross border supply of services (such as the example of teleservices), consuming a service abroad (as is the case in tourism), establishing a commercial presence in another country and finally the presence of natural persons.

The issue of Mode 4, the presence of natural persons for the purpose of providing a service was discussed extensively in interventions and the working groups. For the West African countries this is a key question and the seminar tried to look into this also in order to clarify the scope of this aspect in an EPA. The EC clarified that in the EPA it was already proposing to extend the sectoral coverage of its Mode 4 commitments beyond that at GATS level.

EPA and regional integration

West Africa is one the few ACP regions where a deep regional integration process is under way via the organisations of ECOWAS and WAEMU. Ensuring that the EPA does not undermine the ongoing process of regional integration in the West African region was an issue participants attached great importance to. The EC stressed that in fact its agreement sought to support this as well

Speakers:

Mamadou Diop Decroix, Minister for Trade, Senegal

Mohammed Daramy, Commissioner for Trade, Customs & Free Movement, ECOWAS Commission

Abdoulaye Ndiaye, Consultant and expert on trade in services, Director General AGIR promouvoir

Abdoulaye Sarre, Chairman and co-founder of PCCI Group (Premium Contact Center International

Joseph Baro, Director General AGF BURKINA FASO, Deputy Director General AGF BURKINA FASO IART,

President CEFOR (Centres de Formalités des Entreprises), Representative of the Chamber of

Commerce and Industry of Burkina Faso

Gilles Hervio, Head of Delegation of the European Commission in Senegal

Peter Thompson, Director, DG Trade, European Commission

Pauline Weinzierl, DG Trade, European Commission

Fabien Gehl, DG Trade, European Commission

Xavier Coget, DG Trade, European Commission